

Economic Spotlight

ALBERTA HOUSING STARTS

Through September 2003, Alberta housing starts remain near the two-decade high pace recorded in 2002. Year-to-date housing starts (seasonally adjusted) are running at an annual rate of 37,900. This is 2.7% below the total number of starts in 2002 (just under 39,000), but 44% above the average number of starts over the preceding five years (26,400).

New housing activity in Alberta has strengthened in recent months. After dipping to an annual rate of 35,400 starts in the second quarter of 2003 (from a pace of 38,400 in the first quarter),

housing starts rebounded to an annual rate of 39,900 in the third quarter. This was the best quarterly performance since the first quarter of 2002, when starts were at 40,900.

Nationally, new housing activity has been very strong in 2003. Through September, Canadian housing starts (seasonally adjusted) were running 6.4% ahead of the 2002 annual pace. The largest percentage increases have been recorded in Prince Edward Island (+48.2%), Nova Scotia (+29.5%) and Saskatchewan (+20.0%). While Alberta (-2.7%) was one of only two provinces to record a decline in housing starts, growth comparisons for Alberta are somewhat misleading due to the fact that 2002 was an exceptional year for the Alberta housing sector, which recorded 34.4% growth in starts over 2001 levels. Moreover, in 2003 Alberta is on pace to record its second best year for housing starts in over two decades.

The remarkable strength of Alberta's housing sector is illustrated through inter-provincial comparisons of starts on a per capita basis. To date in 2003, Alberta has over 1,200 starts per 100,000 population (annualized rate). This is 74% above the national average of 692 starts, and 49% higher than the second-best performing province (Prince Edward Island, at 806 starts per 100,000 population).

This continued strong performance is a reflection of Alberta's robust economy, strong employment market (with job growth of 2.9% through September), and low interest rates. It is being further supported by continued net in-migration from other provinces. In 2003, Alberta is leading all provinces in net inter-provincial migration for the seventh consecutive year.

